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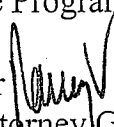
Division Deputy
Jay A. Jerde

ROUTING MEMO

TO: AQD file

THROUGH: Dave Finley
Administrator

Bob Gill 
Compliance Program Manager

FROM: Nancy Vehr 
Sr. Asst. Attorney General

DATE: 4/2/08

RE: *In re NOVs issued to Bear Paw Energy, LLC - DEQ DN 4061-07*

Attached for the DEQ/AQD file is one original copy of the Settlement Agreement, a copy of the \$3,000.00 check for the Partial Stipulated Penalty Amount, and a copy of the \$17,212.50 check to fund the Meteorological Data Set SEP. Please review paragraphs 7 and 8 of the Agreement regarding the Supplemental Environmental Project cost and completion requirements.

I have sent EPA a copy of the Settlement Agreement.

I am keeping my file open on this matter until after completion of the SEPs. Please call me if you have any questions (7580).

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD"), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Bear Paw Energy, LLC, a Delaware Limited Liability Company ("Bear Paw") and wholly owned by ONEOK Partners, L.P., 100 West Fifth Street, Tulsa, OK 74103-4298, enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation DEQ Notice of Violation Docket No. 4061-07 ("NOV") which alleges violations of the Wyoming Environmental Quality Act ("Act"), Wyoming Air Quality Standards and Regulations ("WAQSR"), and Permit No. CT-4375. The NOV alleges that Bear Paw operated eight Waukesha H24GL engines without oxidation catalysts in violation of condition no. 12 of permit CT-4375 for the Epsilon B Compressor Station facility ("Facility") located in Johnson County, Wyoming.

WYO. STAT. ANN. § 35-11-901(a)(ii)(West 2007) authorizes stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Bear Paw and the DEQ/AQD hereby stipulate and agree as follows:

1. The DEQ/AQD is responsible for enforcing the Act and the WAQSR.
2. WYO. STAT. ANN. § 35-11-801(a) states in part, "In granting permits, the [DEQ] director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards."
3. Chapter 6, § 2 of the WAQSR prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.
4. On or about August 22, 2006, the DEQ/AQD issued Permit No. CT-4375 to Bear Paw. Condition no. 12 of Permit CT-4375 limits the engine configuration for the Facility to sixteen engines (E1-E16) in any combination of: "...Caterpillar G3412LE engines equipped with an oxidation catalyst, Waukesha H24GL engines equipped with an oxidation catalyst, Caterpillar G3408 engines equipped with an AFRC and a NSCR catalyst or Waukesha F18GL engines equipped with an oxidation catalyst."
5. Based on the DEQ/AQD's January 2007 review of Bear Paw's disclosure of potential violations and file information, the DEQ/AQD determined that Bear Paw operated eight Waukesha H24GL engines without installing catalysts.
6. On April 30, 2007, the DEQ/AQD issued the NOV to Bear Paw alleging that Bear Paw operated eight Waukesha H24GL engines without catalysts between November 28, 2006 and January 9, 2007 in violation of condition no. 12 of Permit No. CT-4375 for the Facility.

7. DEQ/AQD and Bear Paw agree that the total stipulated penalty amount ("Total Stipulated Penalty Amount") to resolve the violations alleged in the NOV in lieu of litigation under WYO. STAT. ANN. § 35-11-901(a)(ii) is forty thousand dollars and no cents (\$40,000.00) payable as follows:

A. Bear Paw agrees to pay the DEQ/AQD three thousand dollars and no cents (\$3,000.00) as a partial stipulated penalty amount ("Partial Stipulated Penalty Amount"). Bear Paw shall make full payment of the Partial Stipulated Penalty Amount by check made payable to the Wyoming Department of Environmental Quality, Air Quality Division, within thirty (30) days after Bear Paw has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Bear Paw shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

B. In lieu of paying the thirty-seven thousand dollar and no cents (\$37,000.00) balance remaining after payment of the Partial Stipulated Penalty Amount ("Stipulated Penalty Balance Amount"), Bear Paw agrees to complete two Supplemental Environmental Projects ("SEPs") as more fully described in paragraph 8 below.

C. Upon completion of the SEPs, DEQ/AQD agrees to offset the Stipulated Penalty Balance Amount as follows:

i. Oxidation Catalyst SEP. The DEQ/AQD agrees to offset the Stipulated Penalty Balance Amount by an amount up to but no greater than twenty-five thousand dollars and no cents (\$25,000.00) calculated by offsetting one dollar and no cents (\$1.00) from the Stipulated Penalty Balance Amount for every two dollars and no cents (\$2.00) Bear Paw spends to complete the Oxidation Catalyst SEP. Should Bear Paw not complete the Oxidation Catalyst SEP by the Oxidation Catalyst SEP Completion deadline set forth in paragraph 8(A)(ii) or if Bear Paw does not spend at least fifty thousand dollars and no cents (\$50,000.00) ("Oxidation Catalyst SEP Expenditure Amount") then Bear Paw will pay the DEQ/AQD a prorated amount equal to one dollar and no cents (\$1.00) for every two dollars and no cents (\$2.00) less than fifty thousand dollars and no cents (\$50,000.00) Bear Paw actually spends on the SEP.

ii. Meteorological Data Set SEP. The DEQ/AQD agrees to offset the Stipulated Penalty Balance Amount by twelve thousand dollars and no cents (\$12,000.00). Bear Paw agrees to fund this Meteorological Data Set SEP by providing the DEQ/AQD with the seventeen thousand two hundred twelve dollars and fifty cents (\$17,212.50) in full payment

of its obligation to fund the proposed cost of this Meteorological Data SEP. Should Bear Paw not fund the Meteorological Data SEP within thirty (30) days after Bear Paw has been notified by DEQ/AQD that the ~~final signature has been affixed to this Agreement, then Bear Paw must~~ pay the DEQ/AQD the entire twelve thousand dollars and no cents (\$12,000.00) ("Stipulated Penalty Balance Amount Offset").

D. By no later than one (1) month after completion of the Oxidation Catalyst SEP, Bear Paw shall submit a report to the DEQ/AQD, Attn: Mr. Robert Gill, 122 West 25th Street, Cheyenne, WY 82002, describing the completed SEP, itemized costs and receipts, and certification that the SEP has been fully implemented pursuant to the provisions of this Agreement ("Oxidation Catalyst SEP Completion Report").

8. Supplemental Environmental Projects.

A. Oxidation Catalyst Supplemental Environmental Project ("Oxidation Catalyst SEP"). Bear Paw agrees to install oxidation catalysts on four (4) uncontrolled Waukesha H24GL lean burn engines as follows:

Facility	AQD Permit	Serial No.	Permit App. Deadline	SEP Completion Date
South Kitty Pod 2	CT-1872	C-12857/3	6/1/2008	6/30/2008
South Kitty Pod 2	CT-1872	C-12861/4	6/1/2008	6/30/2008
South Kitty Pod 4	CT-1874	C-12978/1	6/1/2008	6/30/2008
South Kitty Pod 5	CT-1875	C-11922/1	6/1/2008	6/30/2008

i. Bear Paw estimates the Oxidation Catalyst SEP will benefit the environment by reducing potential carbon monoxide (CO) emissions of approximately 25 tons per year (TPY) and formaldehyde emissions of approximately 2.4 TPY

ii. Bear Paw shall submit DEQ/AQD construction permit modification applications for the above facilities by no later than June 1, 2008 and complete construction of the Oxidation Catalyst SEP by no later than June 30, 2008 ("Oxidation Catalyst SEP Completion Deadline")

B. Meteorological Data Set Supplemental Environmental Project ("Meteorological Data Set SEP"). Bear Paw agrees to fund \$17,212.50 for the acquisition, quality assurance, and development of 5-year meteorological data sets into formatted data to drive the AERMOD dispersion model.

Meteorological Data Sets are used in dispersion modeling to provide a statistical sample of the range and frequency of meteorological conditions that occur in a given locale. The Meteorological Data Set SEP will benefit the environment by promoting consistent meteorological data to be used for air quality modeling.

C. Bear Paw hereby certifies that as of the date it signs this Settlement Agreement, Bear Paw is not required to perform or develop the SEPs by any federal, state or local law or regulation; nor is Bear Paw required to perform or develop the SEPs pursuant to any other agreement or relief in any other case. Bear Paw further certifies that it has not received and is not presently negotiating to receive credit for these SEPs in any other pending action.

9. Bear Paw, by entering into this Agreement, does not concede or admit to any liability, and this Agreement constitutes no admission of fault or noncompliance.

10. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Bear Paw based on NOV Docket No. 4061-07 and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Bear Paw for these particular violations.

11. Bear Paw waives any statute of limitations which may apply to an enforcement action by the DEQ/AQD involving the specific matters described in NOV Docket No. 4061-07 in the event that Bear Paw fails to fulfill its obligations under this Agreement.

12. This Agreement shall be admissible by either Bear Paw or DEQ/AQD (hereinafter Bear Paw and DEQ/AQD may be referred to individually as "Party" and collectively as "Parties") without objection by the other Party in any action between these Parties relating to the violations alleged herein.

13. Neither Party hereto shall have any claim against the other for attorneys' fees or other costs incurred with the allegations resolved hereby, including costs incurred in the preparation of this Agreement. Each Party shall bear its own attorney fees and costs, if any, incurred through the date this Agreement is signed by both Parties. Each party assumes the risk of any liability arising from its own conduct. Neither party agrees to insure, defend or indemnify the other.

14. Any changes, modifications, revisions or amendments to this Agreement which are mutually agreed upon by the Parties shall be incorporated by written instrument, executed and signed by all Parties to this Agreement.

15. The construction, interpretation and enforcement of this Agreement shall be governed by the laws of the State of Wyoming. The Courts of the State of Wyoming shall

have jurisdiction over this Agreement and the Parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

~~16. This Agreement, consisting of six (6) pages represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.~~

17. The State of Wyoming and the DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to WYO. STAT. ANN. § 1-39-104(a) and all other state law.

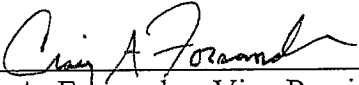
18. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the Parties to this Agreement, and shall inure solely to the benefit of the Parties to this Agreement. The Parties to this Agreement intend and expressly agree that only Parties signatory to this Agreement shall have any legal or equitable right to seek to enforce this Agreement, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this Agreement, or to bring an action for the breach of this Agreement.

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19. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

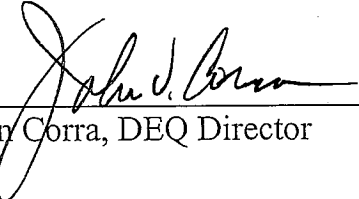
IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

BEAR PAW ENERGY, LLC:

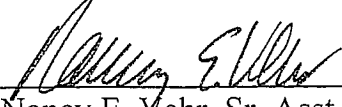
By:  2/8/08
Craig A. Forsander, Vice President Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By:  2/22/08
David Finley, AQD Administrator Date

By:  2/25/08
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

 2/2/2008
Nancy E. Vehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD